

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

CRYSTALLEX INTERNATIONAL CORP.,

Plaintiff,

v.

BOLIVARIAN REPUBLIC OF VENEZUELA,

Defendant.

Misc. No. 17-151-LPS

RESPONSE OF 2020 BONDHOLDERS TO THE APRIL 9, 2025 SUBMISSIONS

An ad hoc group of holders of a majority of PDVSA 2020 Bonds (the “2020 Bondholders”)¹ respectfully submits this response to the April 9, 2025 submissions concerning “whether the 2020 Bondholders can, legally and practically, reach a settlement with any bidder other than the Red Tree consortium” (D.I. 1668 (item 6)):

All parties to the TSA have now confirmed that it does not restrict, in any way, the 2020 Bondholders’ ability to negotiate or reach agreement with other bidders prior to the Successful Bid Date. (D.I. 1661 at 3; D.I. 1675 at 6; D.I. 1677 at 1-3.) All parties to the TSA have further confirmed that, even if the Special Master selects the Red Tree bid as his Final Recommendation, the TSA still permits the 2020 Bondholders to negotiate and to agree to a comparable or more favorable settlement in connection with any competing bid. (*Id.*) There is and can be no dispute as to these points, and there is no need for the extensive discovery that Gold Reserve wants to conduct about a competing bid or any accompanying delay to the Sale Process. (*See* D.I. 1682 at 4.) Further, despite Gold Reserve’s intrusive requested discovery into the composition of, and communications among, the 2020 Bondholders, Gold Reserve has refused to even disclose the financing arrangements underpinning its bid. It is also telling that although Gold Reserve claims to need discovery to understand whether it could settle with the 2020 Bondholders, it does not claim to have taken even the most basic step to actually find that out: contact the 2020 Bondholders to attempt to reach a settlement. Indeed, Gold Reserve never did that. That is no doubt because the entire structure of Gold Reserve’s bid—which contributes almost no equity, and would instead lever up CITGO with debt and distribute its value to PDVSA creditors—is based on violating the 2020 Bondholders’ rights.

¹ The Trustee and the Collateral Agent are separately represented in this proceeding at this time as set forth in their reservation of rights (D.I. 1637).

The 2020 Bondholders also note that certain parties suggested that the 2020 Bondholders' claims would present an obstacle to closing of a bid by Gold Reserve (or another bid with a similarly objectionable financing structure) if they have prevailed in their litigation in the Southern District of New York. (*See, e.g.*, D.I. 1679 at 2, 3; D.I. 1676 at 3.) To be clear, as the 2020 Bondholders have outlined in detail, they have rights under the Pledge Agreement and Indenture that come into effect *immediately* upon an Event of Default—which happened years ago—and are not contingent on any court judgment. (*See, e.g.*, D.I. 1666 at 1-2; D.I. 1677 at 5.) There is no “injunction that precludes the [2020] Bondholders from exercising their rights” (D.I. 1676 at 3.) No party has pointed to any section of the Pledge Agreement and Indenture, any court order, any principle of law, or any governmental action suggesting that the 2020 Bondholders cannot challenge a sale that would violate their rights simply because they have not yet obtained a final judgment in their favor.

* * *

For these reasons, and those set forth in the 2020 Bondholders' prior submissions, the Objections should be denied and the Red Tree bid should be confirmed as the Stalking Horse.

Dated: Wilmington, Delaware
April 11, 2025

Respectfully submitted,

/s/ Daniel A. Mason

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